

May 24, 2007

City Council President Leo Pimental
Councilors Alves, Coelho, Gomes, Lawrence,
Saunders, Morad, Koczera, DeMedeiros, Pina, and Gonsalves
133 William Street
New Bedford, Massachusetts 02740

Council President Pimental and Members of the City Council:

I am before you tonight to respectfully submit the proposed budget for the City of New Bedford for the fiscal year 2008 that begins on July 1, 2007. This budget continues to mirror our City's priorities: increased investment in our neighborhoods and families through enhanced public safety and education, City-wide infrastructure improvements, and efficient and effective City services to improve quality of life for our residents.

Overview

The FY 2008 budget requests expenditures of \$280,003,585. This is an increase of \$10,245,750 over last year's operating budget, or a 3.8 percent increase over FY 2007. It represents a well-reasoned and fiscally responsible approach to ensuring that the needs of our City residents are met through a fully functional City government. I welcome the input of the City Council in an open democratic process in making any revisions the Council believes are appropriate, while continuing to provide all necessary services to our citizens.

Since assuming office, I have spent the past 17 months working with all of you, our department heads and employees, the Superintendent of Schools, Michael Longo and his team, the Department of Revenue, the Department of Education, and the Inspector General to stabilize and improve the City's financial standing. I very am proud to report to you that we will begin the next fiscal year in a very strong financial position without a deficit.

Working with Governor Patrick, our legislative delegation, Senator Montigny, Representatives Koczera, Cabral, Quinn and Canessa, Treasurer Timothy Cahill, the School Building Authority, and the City Council, we have successfully financed the Keith Middle School construction and environmental remediation project with state funding at a rate of 90% of the total costs, and retained the ability to construct two new elementary schools at the same 90% reimbursement

rate. This financing package ensured that our City's taxpayers would not shoulder an overwhelming burden caused by the Keith cost overruns.

Further, working with our local legislative delegation and the governor, we have obtained bonding authority for the Whale's Tooth parking lot and rail yard project in the amount of \$12.6 million. This bond will pay overdue invoices the City incurred on this project in 2005, and will restore over \$6 million to the City's positive balance sheet. This bonding will take New Bedford out of the precarious financial situation it had been placed in when it began this project without the proper financial structure or controls.

My administration's spending practices have been careful and measured, occurring in the light of day under the watchful eye of this City Council, the State Government, state and national financial markets and investors, and the citizens of the City.

Upon assuming office, I began to look for ways to eliminate wasteful spending and curb costs while at the same time delivering the highest quality of city services to our residents. The FY 2008 budget continues this policy.

The City government is currently involved in many projects to improve our infrastructure and delivery of services.

For example, the Department of Public Infrastructure has undertaken a major project to provide appropriate water pressure in the North End of our City; it remains my priority to ensure that all neighborhoods in our City have access to the same high quality services and resources.

The City has once again assumed the responsibility of streetlight and traffic light maintenance, repair and construction; this yields savings to our taxpayers and has dramatically improved service. We are working to build the lighting infrastructure across all neighborhoods to make our streets safe and secure.

The City has returned two refurbished garbage trucks to the road to collect commercial trash downtown to help present a clean business district. The City has also assumed responsibility for commercial cardboard recycling. Recently, the City has refurbished a third garbage truck, enhancing our capacity to ensure smooth pickup services under unanticipated circumstances.

We have opened our middle schools as community centers during the evenings, allowing our youth the opportunity to enjoy recreational activities, instruction in sports or dance or the arts, and academic tutoring in a safe and caring environment. These programs will continue to evolve to meet the needs of our students and their families, and I look forward to seeing our schools become the true community centers for New Bedford's families.

We have aggressively tackled the problem of maintaining our roadways, curbs, and sidewalks. In FY 2008, we intend to reestablish a capacity to line our streets and crosswalks to ensure safe travel for vehicles and pedestrians.

We are providing governmental assets to the volunteers in our neighborhoods to better our City. Operation Clean Sweep has been an excellent example of a public-private partnership between our citizens and the City Government. I want to thank the many City employees who volunteer their time to work on Operation Clean Sweep, and everyone who takes responsibility for the appearance and cleanliness of our City, block-by-block, neighborhood-by-neighborhood.

Together, we are working to improve neighborhoods by removing blight, trimming trees, restoring fencing, and maintaining our parks and cemeteries. In the past month, we have demolished several abandoned buildings and will continue to work street-by-street to make sure we are doing everything we can to make New Bedford an attractive city to live, work, and visit.

Tonight I want to take the opportunity to thank every City employee and their families for the fine effort that they have put forth this past year. You can see a great difference in every facet of our City. The citizens of our City certainly appreciate all of your dedication and hard work.

Competitive Processes

Last year, I indicated that the City would seek fair market value for any land it secured under Tax Title. Aggressive pursuit of tax title properties has netted \$2.4 million dollars in payment of back taxes since the Building a Better New Bedford initiative began last year. Additionally, the City has taken back a total of 39 properties with an assessed value of over \$4.5 million. The abutters' lot program has yielded the sale of sixteen lots, generating further revenue for the City. Last November, the parcels of land the City owned at the Fairhaven Mills site were offered to the public pursuant to a Request for Proposals. This evening, I am pleased to report that in response to an open competitive RFP process, the City of New Bedford will receive \$500,000 for its land, an increase of \$490,000 over the prior sale price of \$10,000. This reflects a sale price 50 times more than had been offered previously. I look forward to the jobs and revenue created by this mixed-use development site, and I believe that it will spur further development across New Bedford.

Additional properties will be offered through requests for proposals, resulting in revenue driven by a competitive process, to the City and which will ensure appropriate projects throughout our City.

In addition, the City has issued a Request for Proposals for employee health insurance, which will save the employees of the City and the City taxpayers a substantial sum of money in FY 2008 and beyond. Likewise, a Request for Proposal for the school bus contracts will also encourage competition and lead to additional savings. An open competitive process for the City's resources and service contracts will lead to savings for the taxpayers of New Bedford.

The Budget for FY 2008

The budget I present to you now reflects some changes from last year, and includes some staff reorganization to increase operational efficiency as well as contractual cost of living adjustments. I have provided you with an overview of changes for each department for your perusal:

- Airport saw an increase of \$119,000, including a required cash match, increased overtime, and a slight increase in Salaries and Wages as a result of AFSCME negotiations.
- Assessor's Office has seen an increase of \$30,000, reflecting a reorganization of staff, including the addition of a part-time administrative assistant and a clerk-typist.
- Auditor's Office has seen an increase of \$98,000, reflecting a reorganization of staff and the addition of an Office Manager position.
- Buttonwood Park Zoo saw an increase of \$156,000, reflecting the addition of three new staff positions, and increased rental/lease costs.
- Cemetery saw an increase of \$92,000, reflecting a staff reorganization including the addition of four cemetery maintenance workers.
- City Clerk saw an increase of \$13,000, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations.
- City Council has seen a decrease of \$2,700, reflecting a reduction in its advertising costs and office supplies budget.
- City Property was level funded at Fiscal Year 2007 amounts.
- Clerk of Committees saw an increase of \$11,000, reflecting the restoration of the Clerk position.
- Community Services saw an increase of \$99,000, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations and increased lifeguard funding to allow for expanded hours and coverage.
- Elections saw an increase of \$118,000, allowing for the purchase of voting machines and additional funding for temporary election workers, and for funding to process passports, which will generate revenue for our City.
- Emergency Management saw an increase of \$3,863, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations.
- EMS saw an increase of \$342,000, reflecting a reorganization of staff including the restoration of four part-time positions and the loss of one full-time position, as well as an increase in Salaries and Wages as a result of AFSCME negotiations.
- Environmental Stewardship saw a decrease of \$11,000, reflecting reduced engineering services and the dropping of a grant match requirement.
- Fire saw an increase of \$650,000, reflecting the restoration of four positions and Fire Union negotiated salary increases.
- General Government Unclassified saw an increase of \$1,800,000, resulting from the following anticipated changes:
 - Indemnification of Police and Fire due to additional medical expenses for anticipated retirements
 - Workers Compensation FAE required for settlements
 - Employee Training and Assistance
 - Workers Compensation Assessment Fee
 - FICA Medical due to salary increases
 - Retirement due to recently retired employees
 - Medical Insurance

- Health saw an increase of \$24,000, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations, which increased hours from thirty to forty for nurses and the lead inspector, and also includes the loss of the Office Manager position.
- Inspectional Services saw an increase of \$154,000, reflecting the addition of two inspectors and an increase in Salaries and Wages as a result of AFSCME negotiations.
- Labor Relations saw an increase of \$17,000, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations, as well as a slight increase in Supplies/Materials.
- Library saw an increase of \$397,000, reflecting the restoration of seven positions and funding for additional periodicals.
- Licensing saw an increase of \$4,810, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations.
- Marketing/Tourism saw a decrease of \$15,000, reflecting the funding of the Director position at Step 1.
- Mayor's Office has seen an increase of \$132,000, including a vacant Chief Financial Officer position and a vacant Project Coordinator position.
- MIS saw an increase of \$69,000, allowing for the purchase of network security software.
- Planning saw an increase of \$19,000, reflecting an increase in Salaries and Wages as a result of AFSCME negotiations.
- Planning Board was level funded at Fiscal Year 2007 amounts.
- Police saw an increase of \$326,000, reflecting the purchase of public safety supplies, the repair and maintenance of buildings and vehicles, rental leases, and medical expenses.
- Public Facilities saw an increase of \$608,000, reflecting the restoration of four positions and several equipment upgrades.
- Public Infrastructure saw an increase of \$100,000, reflecting an addition of three employees required for the Sullivan's Ledge project.
- Purchasing Office has seen a decrease of \$16,000, reflecting a decrease in its equipment appropriation.
- Schools saw an increase of \$1.1 million, reflecting enhancement of our curriculum opportunities for our City's children.
- School Unclassified saw a decrease of \$544,000, reflecting the Greater New Bedford Regional Technical Vocational assessment.
- Solicitor's Office has seen an increase of \$67,000, reflecting a reorganization of staff including the addition of a Procurement/Compliance Attorney.
- Traffic saw an increase of \$32,000, reflecting the restoration of one full-time employee and the loss of two part-time employees.
- Treasurer's Debt saw a decrease of \$194,000, reflecting a reduction of interest on notes.
- Treasurer's Office has seen a decrease of \$949,000, with Other Financing Uses not funded.
- Veterans saw an increase of \$362,000, reflecting a slight increase in Salaries and Wages as a result of AFSCME negotiations, and increased veterans' benefits.
- Wastewater saw an increase of \$354,000, reflecting a reorganization of staff.
- Water saw an increase of \$1.1 million, reflecting increases in rental leases, the establishment of a consultant budget, printing and advertising, miscellaneous benefits, and several capital outlay purchases, including land, buildings and structures, computers, automobiles, and major equipment.

Prospects/Outlook

The fiscal outlook for the City is very positive. For the first time in thirty-seven years, the City's bond rating was upgraded to the "A" classification. Moody's Investor Services rated New Bedford an "A3" bond classification based upon analysis of New Bedford's significantly improved financial position, stable labor relations climate, sizeable tax base, and manageable debt position, owing largely to the successful financing of the Keith Middle School project through the School Building Authority program. The City's improved bond rating has yielded reduced interest payments and enhanced our ability to sell bonds, saving taxpayers hundreds of thousands of dollars. Our financial team, and each and every department head, continues to exercise fiscal constraint in our budgeting process, working hard to make sure that every taxpayer dollar is leveraged to pay for services that improve quality of life in New Bedford.

This fiscal year, state aid to New Bedford has increased by 5.2%, up from 3.73% the previous year. I am deeply appreciative of both the Patrick Administration's efforts to provide municipalities with increased revenue, and the tireless work of our local legislative delegation in ensuring that New Bedford receives the largest amount of state funds possible. I am supportive of the innovative spirit of the proposed Municipal Partnership Act, which would allow cities and towns home rule options for increased revenue generation. It is clear that new sources of revenue are necessary throughout the Commonwealth, as cities continue to struggle with ever-increasing operating costs. I look forward to working with the Governor and New Bedford's legislative delegation to bring more of our tax dollars back to New Bedford.

Our City remains the number one fishing port in the nation, and I am continuing to work with the fishing community to support sensible federal fisheries regulations that balance conservation with the financial vitality of the industry. We remain highly competitive for new development, with a top-notch Business Park and an infrastructure that can support a wide range of industries. Governor Patrick has committed to expanding commuter rail service to New Bedford by the year 2016, and has already established a task force to spur economic development along the proposed routes. The economic development potential provided by this initiative is second to none, and I look forward to steady progress on the project.

Over the past year, almost every city department has aggressively pursued grant opportunities, successfully securing over twenty-six million dollars in funding to improve public safety, support infrastructure improvements, develop our neighborhoods, increase educational attainment, improve port security and our harbor, foster the creative economy, and provide summer jobs for our youth, among numerous other projects. We presently have applications out for grant funds in the amount of over thirteen million dollars. We will continue to identify and pursue every opportunity for which we are eligible.

I am proud to go to work every day with a dedicated and talented group of individuals who are committed to moving this City forward. The FY2008 budget includes \$1.2 million in funding for positions that are currently unfilled; we are working to attract the most qualified individuals to fill these positions. I expect that their collective contribution to our city government will be significant and serve to enhance the quality of services that we provide to city residents.

It is common sense practices such as these that will continue to allow the City to save money and increase revenue generation across departments. The City must operate in a manner similar to a business, with operational efficiency, customer service, and fiscal constraint as guiding principles.

Over the next year, I look forward to working with this Council to keep tax rates down. I pledge to work with the Council through this budget process and throughout the year to safeguard the taxpayers of our City. I will be available to attend any budget hearings the Council requests and will work tirelessly to address any concerns or requests the Council has to enhance our City's budget.

Thank you.

Sincerely,

Scott W. Lang
Mayor